1.964 A98.9:WR 40-86

World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 40-86
October 8, 1986

ORIGINAL

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

CANADIAN Grain Sales Affected by Strike. As the month-long strike at Thunder Bay continues, the Canadian Wheat Board has indicated that it has turned down business because delivery could not be guaranteed. In addition, since most grain is normally cleaned at Thunder Bay before it is shipped east, the strike also has resulted in a lack of clean grain for export; despite strong efforts, inland terminals are unable to clean enough grain to maintain supplies. Barley supplies at eastern terminals reportedly are exhausted and, according to a Board spokesman, there is not enough wheat to fill vessels expected to arrive next week. Under a federal mediator, a tentative contract agreement was reached over the weekend, but it has not yet been approved by union members.

*****

SOVIET UNION Makes Large Grain Purchases. In recent weeks, the Soviet Union apparently has purchased wheat from the European Community (1 million tons), Australia (less than 1 million tons) and Austria (300,000 tons). In addition, Yugoslavia sold the Soviets 600,000 tons of corn. Meanwhile, for the second year in a row, the Soviet Union failed to fulfill its long-term grain agreement with the United States. That agreement requires the Soviets to purchase 9 million tons of U.S. grain, including 4 million tons each of wheat and corn, annually from Oct. 1, 1983, through Sept. 30, 1988. The Soviet purchase of European Community (EC) wheat was made under a special one-day subsidy for the Soviet Union of $130 per ton. While EC wheat shipments to the Soviet Union totaled nearly 6 million tons in 1985/86 (July/June), U.S. wheat exports to the Soviets came to about 153,000 tons. Total Soviet purchases of U.S. grain, largely corn, were 7 million tons.

-more-

SALLY KLUSARITZ, Editor, Tel. (202) 447-3448. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5922-S, Washington, D.C. 20250. Tel. (202) 447-7937.

OILSEEDS AND PRODUCTS

Drought Reduces INDIAN Peanut Crop. India's 1986/87 peanut crop is forecast at 5.9 million tons, smaller than the earlier forecast, according to the U.S. agricultural counselor in New Delhi. The lower production results from the failure of monsoon rains in Saurashtra, the major producing region in Gujarat, and in the state of Tamil Nadu. Production in Gujarat is now estimated at 800,000 tons for the karif crop--about 60 percent of normal, but about twice last year's drought-reduced crop. The lack of subsoil moisture and reduced water supplies may also affect production of the upcoming rabi peanut crop. Except for Gujarat and Tamil Nadu, other producing states are expected to produce near-normal peanut karif crops.

In Saurashtra, timely rains in June allowed farmers to plant the preferred long-season, spreading-type varieties that have good fodder characteristics for cattle. Unfortunately, the monsoon was weaker than normal, and the crop underwent moisture stress during the critical pod development stage. The absence of moisture at this time not only will reduce yields, but is also expected to cause small, shriveled peanuts.

DAIRY, LIVESTOCK AND POULTRY

JAPAN Allocates Quota for High-Quality Beef. The Japanese government will allocate 800 metric tons (the full annual quota amount) for the new Demand Development Quota (DDQ) for the first half of Japan's 1986 fiscal year. The United States is expected to fill most, if not all, of this second allocation of the new quota. The DDQ was established to promote demand for high-quality beef. The United States filled 90 percent of the first DDQ allocation, which was for the second half of Japan's 1985 fiscal year, with Australia accounting for the remaining 10 percent.

*****

HONG KONG Bans Livestock Products Containing Synthetic Hormones. The government of Hong Kong recently banned the sale of fish, meat and poultry containing certain harmful synthetic hormones. The new regulations, to be implemented on November 1, could result in a decline in live poultry imports from China, which account for 47 percent of total poultry consumption. Exports of U.S. poultry to Hong Kong, which do not contain these hormones and totaled $42 million in 1985, should benefit from this action. This ban is a continuation of an issue which first arose in 1983, when a public outcry over the use of these hormones led to a dramatic decline in chicken consumption and to the implementation of regulations banning the sale or import of hormones themselves.

*****

-more-

INDONESIA To Require Halal Slaughter of Imported Meat. The Indonesian government has given unofficial indication that it will phase in requirements for imported meat to be slaughtered under Moslem Halal methods. U.S. exports of red meat and poultry to Indonesia amount to about $2 million annually; some of these exports already meet Halal requirements.

*****

BRAZIL Announces Measures To Combat Red Meat Shortage. On September 17, Brazil announced measures aimed at resolving its serious domestic red meat shortage. Measures affecting trade include: allowing private, tax-exempt imports of red meat and fish through Dec. 31, 1987; suspending all exports of fresh and processed beef, including corned beef; and reexamining all contracts for chicken exports. These measures could provide an opportunity for increased sales of U.S. meat to Brazil, as well as limit Brazilian chicken exports which compete with U.S. shipments in the Middle East and Japanese markets.

The Brazilian meat shortage has been caused by a number of factors, including an extended drought early in the year, previous price policy which resulted in substantial slaughter of breeding stock, low fixed prices for meat, and sharp increases in demand due to increased purchasing power.

Brazil has negotiated for imports of 410,000 tons of meat for delivery in calendar year 1986, including the purchase of 90,000 tons of beef from the United States. The Brazilian National Council of Beef Cattle Producers projects that Brazil will need to import 300,000 tons of beef in 1987 and about 160,000 tons annually from 1988-90.

*****

IRELAND'S Dairy Output Declines in 1986. Ireland's milk output in 1986 is expected to decline 6 percent to 5.7 million tons due to adverse weather, fodder shortages and a drop in cow numbers, according to the U.S. agricultural trade officer in London. The drop in cow numbers is caused by the threat of having to pay the super levy, which may have kept producers from using concentrate feeds to offset the bad weather. Although feed supplies for the 1986/87 winter will be short because of poor summer harvests, 1987 milk output is forecast to partially recover as per cow yields return to more normal levels.

With less milk available, production of both butter and cheese is expected to decline in 1986. Butter ouput is expected to total 154,000 tons, 6 percent below 1985. Cheese ouput is forecast to decline 15 percent because markets are generally unfavorable and, unlike butter, cheese prices are not supported by the EC intervention system.

*****

-more-

YUGOSLAVIA'S Milk Production Declines in 1986. Milk production in Yugoslavia during 1986 is forecast at 4.6 million tons, 1.5 percent below 1985, according to the U.S. agricultural counselor in Belgrade. A cost price squeeze caused producers to reduce their herds by 3 percent, but favorable pasture conditions this summer partially offset the impact of lower cow numbers. In late July the price for milk delivered to dairies by private farmers was increased 68 percent. During 1987, the price increase is expected to stem the tendency for the dairy herd to decline.

COTTON AND FIBERS

U.S. Cotton Exports to CANADA Drop Sharply. The U.S. agricultural counselor in Ottawa reports that the portion of Canada's cotton supplied by the United States dropped sharply to 34 percent in the 1985/86 marketing year, down from 97 percent in 1984/85. Total Canadian cotton imports rose significantly, however. China replaced the United States as Canada's top cotton supplier, jumping from 0 to 53 percent of the total due to favorable Chinese cotton prices. South Africa also entered the picture by supplying 9 percent of Canada's cotton imports. Since imports from China came primarily at the end of the marketing year, total Canadian cotton imports may be down in 1986/87 to keep stock levels manageable.

*****

U.S. Cotton Exports Up Sharply in August. U.S. cotton exports increased sharply during August to reach 286,000 bales, the highest monthly level since June 1985. Leading markets were Japan, South Korea, Italy, Taiwan, Indonesia and West Germany. Total 1986/87 season exports are also expected to rebound from last season's poor showing and are forecast at 6.5 million bales, over three times the 2.0 million exported in 1985/86.

COFFEE

International Coffee Organization Fails To Agree on Market Shares. After nearly two weeks of discussion, producer and consumer members of the International Coffee Organization (ICO) reached no agreement on shares of the export market for the current coffee year which began October 1. The question of market shares was not regarded as critically important since high market prices have caused export quotas to be suspended since February. In its final resolution, the 75-nation organization agreed to call a special session to discuss further the need for quotas if the market price falls to $1.45 a pound from its present level of just over $1.80. However, prices are not likely to fall to the $1.45 level soon due to the loss of half of Brazil's 1986 coffee crop from drought.

-more-

WOOD AND WOOD PRODUCTS

ARGENTINA Invites U.S. Wood Products Team To Help Plan New Capital. Argentina's Secretary of Industry and Trade has invited the U.S. wood industry to send a team of experts to assist in the planning and development of a possible new federal capital in Patagonia. The invitation results directly from Argentina's participation in the Inter-American Housing Conference sponsored by the U.S. wood industry. The U.S. industry team will include participants from the business sector, the housing construction industry and the wood products industry. As many as 300,000 housing units could be constructed as part of the project, along with extensive commercial construction.

CREDIT NOTES

GSM-102 Credit Actions Announced for YUGOSLAVIA, IRAQ, HUNGARY AND MEXICO. The export period has been extended from September 30 to December 31 for sales of U.S. cotton to Yugoslavia under its fiscal 1986 GSM-102 program. Iraq's program was amended so that country can buy more U.S.-grown sugar and refined sugar and vegetable oil and tallow. A $15-million program was announced for fiscal 1987 credit guarantees for Hungary. USDA authorized $5 million so Mexico can buy U.S. livestock for breeding and nonbreeding purposes.

USDA Announces GSM-103 Actions for JORDAN, TUNISIA, TURKEY and IRAQ. USDA made $10 million available under this program for the sale of U.S. wheat to Jordan. A $4.5-million program has been approved for Tunisia for fiscal 1987. These credit guarantees will be used to finance sales of U.S. breeding livestock. USDA announced that $30 million in guarantees will be made available for sales of U.S. breeding livestock to Turkey. A $15-million credit line was established for sales of U.S. breeding livestock to Iraq.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Oct. 6, 1986, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS	
46. Romania barley	Sept. 24, '86	200,000	
45. Venezuela barley malt	Sept. 4, '86	100,000	
44. Cyprus barley	Aug. 26, '86	150,000	Sold 25,000
43. Canary Islands wheat	Aug. 8, '86	100,000	
42. Egypt semolina	Aug. 6, '86	30,000	
41. Soviet Union wheat	Aug. 1, '86	4,000,000	
40. Canary Is. dairy cattle	July 28, '86	3,000 head	
39. Hong Kong table eggs	July 28, '86	44 million	
38. Senegal wheat	July 17, '86	100,000	
37. India vegetable oil	July 8, '86	25,000	
36. Jordan barley	June 17, '86	60,000	

EXPORT ENHANCEMENT INITIATIVES CONT.

35.	Israel barley	June 17, '86	200,000	Sold 36,200
34.	Tunisia dairy cattle	May 29, '86	4,000 head	
33.	Algeria dairy cattle	May 29, '86	5,000 head	
32.	Sri Lanka wheat	May 16, '86	125,000	Sold 75,000
31.	Saudi Arabia barley	May 7, '86	500,000	COMPLETE
		Aug. 6, '86	250,000	COMPLETE
		Sept. 16, '86	300,000	Sold 167,500
30.	Algeria barley	Apr. 17, '86	500,000	
29.	Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 150
28.	Turkey dairy cattle	Apr. 16, '86	5,000 head	
27.	Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
		Sept. 12, '86	10,000 head	
26.	Yemen poultry feed	Apr. 14, '86	150,000	
25.	Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
		June 24, '86	200,000	Sold 131,900
24.	Indonesia dairy cattle	Apr. 9, '86	7,500 head	
23.	Syria wheat	Apr. 8, '86	700,000	
22.	Benin wheat	Apr. 7, '86	45,000	Sold 20,000
21.	Algeria table eggs	Apr. 4, '86	500 million	
20.	Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19.	Jordan wheat	Mar. 19, '86	75,000	COMPLETE
		June 20, '86	75,000	COMPLETE
18.	Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
		Aug. 22, '86	800,000	Sold 250,000
17.	Algeria wheat flour	Feb. 25, '86	100,000	
16.	Algeria semolina	Feb. 11, '86	250,000	
15.	Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14.	Zaire wheat	Dec. 27, '85	40,000	COMPLETE
		May 15, '86	40,000	COMPLETE
13.	Nigeria barley malt	Dec. 10, '85	100,000	Sold 4,400
12.	Iraq wheat flour	Dec. 9, '85	150,000	Sold 100,000
11.	Egypt poultry	Nov. 26, '85	8,000	COMPLETE
		Mar. 21, '86	15,000	COMPLETE
		June 18, '86	5,000	COMPLETE
		July 8, '86	15,000	COMPLETE
10.	Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
		May 15, '86	30,000	
9.	Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8.	Jordan rice	Nov. 8, '85	40,000	Sold 22,700
7.	Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
		May 8, '86	500,000	
6.	Morocco wheat	Sept. 30, '85	1,500,000	Sold 890,000

-more-

EXPORT ENHANCEMENT INITIATIVES, CONT.

5.	Yemen wheat	Sept. 6, '85	100,000	Sold 50,000
4.	Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
		Apr. 14, '86	100,000	Sold 13,000 LT
3.	Egypt wheat	July 26, '85	500,000	COMPLETE
		Oct. 30, '85	500,000	COMPLETE (512,500)
		June 24, '86	500,000	COMPLETE
		July 29, '86	52,000	Sold 29,000
2.	Egypt wheat flour	July 2, '85	600,000	COMPLETE
		Aug. 6, '86	600,000	
1.	Algeria wheat	June 4, '85	1,000,000	COMPLETE
		Apr. 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY
Status as of October 6, 1986

Announced to Date	18,563,780 (grain equivalent)
	544 million table eggs
	43,000 tons frozen poultry
	51,000 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	5,348,400 wheat
	1,222,683 flour (grain equivalent)
	978,700 barley
	43,000 frozen poultry
	22,700 rice
	5,980 barley malt (grain equivalent)
	6,350 head dairy cattle
Total Sales Value:	$806.9 million
Estimated Bonus Book Value:	$407.4 million.

TARGETED EXPORT PROMOTION PROGRAM

The status of USDA's Targeted Export Promotion Program as of Oct. 7, 1986, was as follows:

DATE ANNOUNCED	COMMODITY	VALUE	COUNTRY
Oct. 3, 1986	Pasta products	$2.1 million	Caribbean, Pacific Rim, Middle East
Oct. 2, 1986	Cotton	$7.0 million	Western Europe, Asia
Oct. 1, 1986	Pistachios	$0.2 million	Pacific Rim
Sept. 30, 1986	Soybeans	$8.5 million	European Community
Sept. 29, 1986	Peanuts	$4.5 million	Western Europe
Sept. 19, 1986	Processed foods	$0.3 million	West Germany
Sept. 17, 1986	Processed foods	$1.4 million	Pacific Rim
Sept. 16, 1986	Processed foods	$0.5 million	Pacific Rim, Western Europe, Middle East, Caribbean
Sept. 16, 1986	Wine	$2.5 million	Pacific Rim, Western Europe
Sept. 12, 1986	Rice	$3.5 million	European Community, Middle East, Africa Southeast Asia, Caribbean
Sept. 8, 1986	Fresh pears	$0.3	Scandinavia, Arabian Gulf, Pacific Rim
Sept. 2, 1986	Wheat	$2 million over 3 years	Egypt, Algeria
Aug. 12, 1986	Canned Peaches, Fruit Cocktail	$5.1 million	Pacific Rim & Middle East
Aug. 8, 1986	Feed Grains	$2.1 million	To be announced
July 28, 1986	Dry Peas & Lentils	$2.5 million	EC, Colombia, India
July 25, 1986	Table Grapes	$0.35 million	Japan
July 18, 1986	Washington State Apples	$1.4 million	United Kingdom, Taiwan, Malaysia, Hong Kong, Norway, Middle East
July 17, 1986	Wood Products	$0.65 million 1/	United Kingdom
July 16, 1986	Wheat	$1.1 million	Developing countries
July 14, 1986	Poultry & Eggs	$6 million	Pacific Rim, Middle East countries
June 24, 1986	Feed Grains, Soybean Meal & Dairy Cattle	$9 million over 3 years	Algeria
June 23, 1986	Fresh & Processed Florida Citrus	$4.6 million	Western Europe & Pacific Rim
May 20, 1986	Dried Prunes	$4 million	Western Europe
April 30, 1986	Wood	$1.95 million (over 3 years)	Japan
April 28, 1986	Wine	$2.3 million	Japan, United Kingdom, Hong Kong, Singapore

-more-

TEA PROGRAM SUMMARY CONT.

April 25, 1986	Almonds	$0.9 million	Western Europe, Japan, Korea
April 17, 1986	Canned Peaches, Fruit Cocktail	$2.5 million	Japan, Taiwan
April 16, 1986	Walnuts	$9 million 2/	Western Europe, Japan, Australia
April 16, 1986	Raisins	$6.3 million	Western Europe, Pacific Rim, Middle East
April 14, 1986	California & Arizona fresh & processed citrus	$8.5 million	Western Europe, Pacific Rim
March 27, 1986	Frozen Potatoes	$2 million	Japan, Hong Kong Taiwan, Malaysia Singapore
	Total:	$103.05 million	

1/ Part of April 30, 1986, wood TEA amount. Not included in total.
2/ Includes additional $2 million announced Aug. 1, 1986.

Selected International Prices

Item	October 7, 1986	Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	174.50
U.S. No. 2 DNS/NS: 14%....	129.50	3.52	+2.50	163.00
U.S. No. 2 S.R.W.	129.50	3.52	+0.25	133.75
No. 3 H.A.D.....	136.50	3.71	-0-	163.00
Canadian No. 1 A: Durum...	144.50	3.93	--	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	79.00	2.01	-5.00	109.00
Soybeans and meal:				
U.S. No. 2 Yellow.....	193.30	5.26	-6.80	202.75
Brazil 47/48% Soya Pellets	202.00	--	-8.00	180.00
U.S. 44% Soybean Meal.....	185.50	--	-3.00	167.00
U.S. FARM PRICES 3/				
Wheat.....	83.40	2.27	+1.84	108.02
Barley.....	59.25	1.29	-0-	58.33
Corn.....	59.06	1.50	-1.18	88.58
Sorghum.....	54.89	2.49	-5.29	81.35
Broilers.....	N.Q.	--	--	--
EC IMPORT LEVIES				
Wheat 5/.....	179.15	4.88	+4.86	107.00
Barley.....	178.70	3.89	+4.53	101.45
Corn.....	173.00	4.39	-6.98	91.85
Sorghum.....	173.25	4.40	-10.00	103.25
Broilers 4/ 6/ 8/.....	N.Q.	--	--	--
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	184.55	5.02	+1.47	154.60
Bread wheat (min. quality)	193.85	5.27	+1.53	165.10
Maize.....	193.85	4.92	+1.53	154.60
Barley and all other feed grains, excluding maize.	184.55	3.54	+1.47	154.60
Broilers 4/ 6/.....	N.Q.	--	--	--
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	130.15	3.54	+6.70	58.65
Barley.....	132.75	2.89	+0.09	67.05
Broilers 4/ 6/ 8/.....	N.Q.	--	--	--

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis November delivery.

*U.S. GOVERNMENT PRINTING OFFICE:1986-180-915:40648/FAS

FAS Circulars: Market Information For Agricultural Exporters

As an agricultural exporter, you need timely, reliable information on changing consumer preferences, needs of foreign buyers, and the supply and demand situation in countries around the world.

The Foreign Agricultural Service can provide that information in its commodity circulars.

World agricultural information and updates on special FAS export services for the food and agricultural trade all are available in these periodic circulars.

For a sample copy of these reports—which can supply you with the information you need to make sound business decisions—check the box indicated, fill out the address form and mail it today.

To subscribe: Indicate which publications you want. Send a check for the total amount payable to the Foreign Agricultural Service. Only checks on U.S. banks, cashier's checks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.
Mail this form to: Foreign Agricultural Service
Information Division
Room 4644-S
U.S. Department of Agriculture
Washington, D.C. 20250

No. of Subscriptions			Subscription Rate	
			Domestic	Foreign
____	10022	Cocoa (2 issues)	$ 3.00	$4.00
____	10003	Coffee (3 issues)	5.00	10.00
____	10004	Cotton (12 issues)	20.00	30.00
		Dairy, Livestock & Poultry:		
____	10005	Export Trade & Prospects (8 issues)	14.00	22.00
____	10006	Meat & Dairy Monthly Imports (12 issues)	20.00	25.00
____	10007	Dairy Situation (2 issues)	3.00	4.00
____	10008	Livestock & Poultry Situation (2 issues)	4.00	7.00
____	10009	All 24 Reports Listed Above	41.00	58.00
		Grains:		
____	10010	World Grain Situation & Outlook (16 issues)	28.00	41.00
____	10011	Export Markets for U.S. Grain (12 issues)	20.00	30.00
____	10013	USSR Grain Situation & Outlook (12 issues)	15.00	20.00
____	10014	All 40 Reports Listed Above	63.00	91.00
____	10015	Horticultural Products (12 issues)	20.00	30.00
____	10016	Oilseeds & Products (13 issues)	27.00	42.00
____	10017	Seeds (4 issues)	9.00	15.00
____	10018	Sugar, Molasses & Honey (3 issues)	5.00	8.00
____	10019	Tea, Spices & Essential Oils (3 issues)	5.00	7.00
____	10020	Tobacco (12 issues)	25.00	40.00
____	10021	World Crop Production (12 issues)	18.00	25.00
____	10023	Wood Products (4 issues)	7.00	10.00

____ **Total Reports Ordered** **Total Subscription Price** _____

☐ **Please send me a sample copy.**

Enclosed is my Check for $_____ Made Payable to Foreign Agricultural Service.

Name (Last, first, middle initial)

Organization or Firm

Street or P.O. Box Number

City State Zip Code

Country